

## Joint Initiative on Corporate Accountability and Workers' Rights

### Draft Code of Labour Practice

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#### A. PURPOSE

This Code of Labour Practice and the accompanying implementation framework address labour practices and working conditions in the manufacture of garments and athletic footwear. It sets out the rights of workers and responsibilities of companies in a common framework aimed at improving, monitoring and verifying the labour practices and working conditions in production facilities.

This Code of Labour Practice specifies minimum requirements to enable a company to:

- a) develop, maintain, and enforce policies and procedures in order to manage labour practices in their own operations and in those of their suppliers, contractors, subcontractors and licensees;
- b) take identifiable and credible steps to demonstrate to interested parties that policies, procedures and labour practices comply with the provisions set out in this Code.

Companies to which this code applies assume responsibility for ensuring that these policies, procedures and practices are at a minimum consistent with international labour standards and international human rights and to respect the principles contained in the following international instruments:

ILO Convention 1 (Hours of Work - Industry)  
 ILO Conventions 29 and 105 and Recommendation 35 (Forced & Bonded Labour)  
 ILO Convention 81 (Labour Inspection)  
 ILO Convention 87 (Freedom of Association)  
 ILO Convention 98 (Right to Collective Bargaining)  
 ILO Conventions 100 and 111 and Recommendations 90 and 111 (Equal remuneration for male and female workers for work of equal value; Discrimination in employment and occupation)  
 ILO Convention 122 (Employment Policy)  
 ILO Convention 131 (Minimum Wage Fixing)  
 ILO Convention 135 and Recommendation 143 (Workers' Representatives)  
 ILO Convention 138 & Recommendation 146 (Minimum Age)  
 ILO Convention 154 (Collective Bargaining)  
 ILO Convention 155 & Recommendation 164 (Occupational Safety & Health)  
 ILO Convention 159 and Recommendation 168 (Vocational Rehabilitation & Employment/Disabled Persons)  
 ILO Convention 175 (Part time work)

ILO Convention 177 and Recommendation 184 (Home Work)  
ILO Convention 182 and Recommendation 190 (Worst Forms of Child Labour)  
ILO Convention 183 (Maternity Protection)  
ILO Convention 190 and Recommendations (Safety and Health in Agriculture)  
Universal Declaration of Human Rights  
The United Nations Convention on the Rights of the Child  
The United Nations Convention to Eliminate All Forms of Discrimination Against Women

The provisions in this Code of Labour Practice constitute minimum standards only. One of the purposes of this Code is to promote strong local governance of the employment relationship at the point of production in accordance with international labour standards, the relevant national legislation and collective agreements governing production facilities in the garments sector.

This Code is a private mechanism for regulating labour practices and promoting respect for international labour standards in supply chains in the garment sector. It is not a substitute for international intergovernmental cooperation or international labour standards. Nor is it a substitute for national law and the enforcement thereof or for systems of industrial relations (involving trade unions and collective bargaining). Where national and other applicable law and the workplace standards in this Code address the same issue, the provision that is the highest workplace standard will apply.

Notwithstanding the above, the provisions in this Code assume that companies in the supply chain comply with the law and that work is performed in the context of a legally recognized employment relationship, or by persons who are legally recognized as self-employed. Where this is not the case, measures should be taken to bring the employment relationship within the legal and institutional framework since this Code should in no way be regarded as a substitute for, or replacement of, national law and national institutions.

## **B. SCOPE**

The Company to which this code applies, be it a brand, factory or production facility, recognizes its responsibility for all workers in the supply chain involved in the production of items that the company manufactures, merchandises or retails, whether or not such workers are direct employees of the company concerned, of suppliers, of licensees, of contractors and sub-contractors, or are themselves independent subcontractors (including homeworkers).<sup>1</sup> It encompasses all workers in the supply chain regardless of their employment status.

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<sup>1</sup> For the purposes of this Code, the term “supplier” will mean any enterprise that provides the Company with the final product or with materials or products used in the final product; the term “licensee” will mean any enterprise who as part of the contractual arrangement with the Company uses the name of the Company or its recognized brand name; the term “contractor” will mean any enterprise that contracts with the company to perform work or provide services; the term “sub-contractor” will mean any enterprise or independent person who contracts with the contractor, with a sub-contractor or with an agent of the contractor or subcontractor (such as is often the case of homeworkers).

Every company to which this code applies has the responsibility to ensure that all work that it has the ability to directly control is performed under conditions that meet the provisions of this Code of Labour Practice. Every such company is obligated to take identifiable and credible steps to ensure that all work performed by its suppliers, contractors and sub-contractors is also performed under conditions that meet the provisions of this code of labour practice. This obligation extends to these suppliers, contractors and sub-contractors, and any work which they may in turn sub-contract. In other words, the obligation of an enterprise to ensure that labour practices and working conditions in its suppliers, contractors and/or sub-contractors meet the provisions of this Code shall be extended in such a way as to cover the entire supply chain, regardless of where an enterprise may be relative to other enterprises in any supply chain.

## **C. WORKPLACE STANDARDS**

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#### **FREEDOM OF ASSOCIATION & RIGHT TO COLLECTIVE BARGAINING**

(Relevant ILO conventions are: No. 87, 98, 135 and 154 - Relevant ILO Recommendation 143)

The right of all workers to form or join trade unions of their choice and to bargain collectively shall be recognised and respected. The company shall recognise the trade union(s) of the workers' choice. The company shall adopt a positive approach towards the activities of trade unions and an open attitude towards the organisational activities of workers.

No worker, or prospective worker, shall be subject to dismissal, discrimination, harassment, intimidation or retaliation for reason of union membership or participation in trade union activities.

The company shall ensure that workers' representatives have free access to all workplaces to carry out their representation functions and shall not, without justification, impede access for union organisers to employees.

#### **Forced Labour**

(Relevant ILO conventions are: No. 29 and 105 - Relevant ILO Recommendation: No. 35)

Forced labour, that is any work or service exacted under the threat of penalty or for which the person concerned has not offered himself or herself voluntarily including prison and bonded labour, shall not be used. Workers shall not be required to lodge 'deposits' or identity papers with their employer and shall be free to terminate their employment after reasonable notice.

Workers shall be free to leave the factory at all times and the freedom of movement of those who live in employer controlled residences shall not be restricted.

#### **CHILD LABOUR**

(Relevant ILO conventions are: No. 138 and 182 - Relevant ILO Recommendation No. 146 and 190)

No person shall be employed under the age of 15 or under the age for completion of compulsory education, whichever is higher.

The company shall establish, document, maintain, and effectively communicate to personnel and other interested parties policies and procedures for remediation of children found to be working in situations which are prohibited by the ILO Convention No. 138 and Convention No. 182. The company shall provide adequate, financial and other, support to enable such children to attend and remain in education until no longer a child.

The company shall not expose young workers under the age of 18 to situations in or outside of the workplace that are likely to jeopardise their health, safety or morals. This includes night work.

#### **Non-DISCRIMINATION**

(Relevant ILO conventions are: No. 100, 111 and 183 - Relevant ILO Recommendation: No. 90 and 111)

The company shall not engage in or support discrimination in hiring, remuneration, access to training, promotion, discipline, termination of employment, retirement or any other terms of employment based on race, colour, sex, religion, political opinion or affiliation, national extraction or social origin, caste, marital status, sexual orientation, pregnancy, family responsibilities, trade union activities or membership, disability or age.

The company shall not interfere with the exercise of the rights of workers to observe tenets or practices, or to meet needs relating to on race, colour, sex, religion, political opinion or affiliation, national extraction or social origin, caste, marital status, sexual orientation, trade union membership, disability or age.

Women and men shall receive equal remuneration for work of equal value, equal evaluation of the quality of their work and equal opportunities to fill all positions open. No behaviour that is sexually coercive, threatening, abusive or exploitative, including gestures, language and physical contact, shall be allowed.

The right of all individual men and women to decide freely the number, spacing and timing of their children, to attain the highest standard of sexual and reproductive health and to make decisions concerning reproduction free of discrimination, coercion and violence shall be fully respected. Pregnancy

tests will not be a condition of employment, nor will they be demanded of employees. Workers will not be forced or pressured to use contraception. Companies shall provide appropriate services and accommodation to women workers in connection with pregnancy, childbirth and nursing.

Workers shall have all entitlements and protection provided in national law and practice with respect to maternity. Workers taking maternity leave shall be entitled to return to their employment on the same terms and conditions that applied to them prior to taking leave and they shall not be subject to any discrimination, loss of seniority or deduction of wages. While an individual is absent from work on maternity leave, the company must not give her notice of dismissal or give her notice of dismissal at such a time that the notice would expire during such absence.

### **WAGES**

(Relevant ILO conventions are: No. 95 and No. 131. Relevant ILO Recommendations are: No. 131 and 135)

Workers shall have the right to a living wage. Wages and benefits paid for a standard working week shall, as a floor, always comply with all applicable laws, regulations and industry minimum standards and shall be sufficient to meet basic needs of workers and their families and provide some discretionary income. The level of wages and benefits will be reviewed on a regular basis. Freedom of collective bargaining will be respected.

Deductions from wages shall not be made for disciplinary purposes, nor shall any deductions not provided for by national law be permitted without the express written permission of the worker concerned.

All workers shall be provided with written and understandable information about their employment conditions, including wages and benefits, before entering employment. The particulars of their wages shall be provided to the workers concerned for the whole pay period each time they are paid. Remuneration shall be rendered either in cash or check form, in a manner convenient to workers. Wages and other benefits shall be paid on a regular and timely basis.

### **WORKING HOURS**

(Relevant ILO conventions are: No. 1)

The company shall comply with applicable laws and industry standards on working hours, whichever offers greater protection. The regular workweek shall be as defined by law but shall not exceed 48 hours. Workers shall be provided with at least one day off after each six consecutive days of work, as well as public and annual holidays. All overtime work shall be voluntary, shall not be demanded on a regular basis, shall be reimbursed at least at such a premium rate as required by law and under no circumstances shall exceed 12 hours per employee per week.

In those countries where a premium rate for overtime is not legally required, workers shall be compensated for overtime at a premium rate at least one and one half of their regular hourly compensation rate.

## **HEALTH AND SAFETY**

(Relevant ILO conventions are: No. 155 - Relevant ILO Recommendation 164)

The company, bearing in mind the prevailing knowledge of the industry and of any specific hazards, shall provide a safe, hygienic and healthy working environment and shall take adequate steps to prevent accidents and injury to health arising out of, associated with or occurring in the course of work, by minimising the causes of hazards inherent in the working environment.

Men and woman workers shall not be exposed to hazards, including glues and solvents, which may endanger their reproductive health.

The company shall appoint a senior management representative who will be responsible for the health and safety of all workers, and be accountable for the implementation of the Health and Safety elements of this code.

The company shall establish a safety and health cooperation committee with worker representative participation. All workers shall receive regular and recorded health and safety training, and such training shall be repeated for new and reassigned workers. A worker shall have the right to remove herself or himself from imminent serious danger.

The company shall establish systems to detect, avoid or respond to potential threats to the health and safety of all workers.

The company shall provide, for use by all workers, access to potable water and clean toilet facilities, and, when necessary, suitable facilities for food storage.

The company shall ensure that accommodation, where provided, is clean, safe, and meets the basic needs of the workers.

## **Employment relationship**

Work performed must be on the basis of a recognised employment relationship established through national law and/or practice.

The obligations to workers under labour or social security laws, and regulations arising from the regular employment relationship, shall not be avoided through the use of labour-only contracting, subcontracting or homeworking arrangements or through apprenticeship schemes where there is no real intent to impart skills or to provide regular employment. Nor shall

any such obligations be avoided through the excessive use of fixed-term contracts of employment.

### **Abuse**

Every worker will be treated with dignity and respect. The company shall not engage in or tolerate the use of corporal punishment, mental or physical coercion, threats of physical abuse, unusual punishment or discipline, sexual or other harassment, intimidation and verbal abuse. Such conduct shall give rise to disciplinary or other action in accordance with established procedures

## **D. IMPLEMENTATION OF THE CODE OF LABOUR PRACTICE**

An implementation system is a necessary, integral and inseparable part of a Code of Labour Practice. Elements of an implementation system at the level of the Company or of its suppliers, contractors and sub-contractors shall include a commitment to the Code and communication thereof, a management system, internal monitoring, worker education and training, independent verification, a complaints mechanism and public reporting.

It should be noted that as of the date of approval of this draft code, there is no consensus among the participating organizations as to the proper design or usage of each element outlined above, nor of whether the combination of those elements is in and of itself sufficient to achieve the Code's objectives.

Determining the most effective means of code implementation is a central subject of the Turkey Garment Project and the trials that will be conducted in the course of the project. It is expected that the project will yield substantial insight on this subject and on the different elements of code implementation outlined above.

A Company to which this Code applies will utilize a comprehensive implementation system to implement this Code of Labour Practice. This may be the one the company is currently employing, or one of the implementation systems advocated by the organizations participating in the project (see Annex 1).

## ANNEX 1

### CCC position on code implementation

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The CCC pursues four broad categories of activity to reach its goal: awareness raising and mobilizing consumers, pressuring companies to take responsibility, solidarity actions and lobbying and legal action. With respect to the second area of work, the CCC pressures companies to take action on individual instances of labour rights violations, but also makes demands for structural improvements. The CCC believes that one way to obtain this is for companies on top of the garment industry to supply chain to adopt a code of conduct based on ILO labour standards, to ensure that these standards are implemented and that compliance with the code is adequately monitored and (independently) verified.

CCC's principles for this have been outlined in the 1998 CCC model code. CCC has engaged directly with companies willing to accept these principles in projects aimed at developing a better understanding of code monitoring and verification (f.e. in Sweden and Switzerland) and will continue such experiments.<sup>2</sup> National chapters of the CCC have also engaged directly with Multi-Stakeholder Initiatives: the Dutch CCC is a boardmember of the Fair Wear Foundation, and members of the UK CCC have joined the ETI.

The CCC believes that one way to determine if workplace practices match certain labor standards (i.e. if codes are implemented) is through a system of monitoring and verification.<sup>3</sup> Keeping a close watch over the implementation of and compliance with such standards has come to be known as monitoring, the results of which needs to be verified. Because the essence of verification is credibility, it must be performed by organisations or individuals that are independent, financially and otherwise, of the company or organization whose claims are being verified.<sup>4</sup>

There is no consensus presently on what constitutes a credible monitoring and verification system. NGOs and trade unions involved in the CCC network do believe that industry should engage directly with trade unions and NGOs in the development of such systems, and that NGOs and trade unions should be represented at the highest decision making level for systems to be credible. They also believe that, notwithstanding this, companies and should take certain steps to ensure more credible and effective code implementation. These include, but are not limited to:

1. Undertaking concrete activities to promote freedom of association, collective bargaining and credible worker presentation Such positive measures are particularly important in situations where workers are faced with oppression and can include:
  - Provision of clear guidance on what is expected from suppliers concerning compliance with the standards on FoA and CBA, and what constitutes appropriate consultative and representative mechanisms. Such guidance shall be consistent with the meaning of Freedom of Association developed through ILO procedures.
  - Open communication of this policy to national governments

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<sup>2</sup> . Please go to <http://www.cleanclothes.org/codes/ccc.htm> for more detailed reports on the outcomes.

<sup>3</sup> Resources relating to this produced by CCC and others can be found at <http://www.cleanclothes.org/codes/monitoring.htm>

<sup>4</sup> For more extensive definitions of these and other terms, go to: <http://www.cleanclothes.org/codes/03-08-26.htm>



- Support for and facilitation of training of management, workers and workers representatives (separately and jointly) in freedom of association, CBA and labour-management relations. Such training should take into account the gendered nature of the workforce in this industry. Sourcing companies should ensure the full commitment of suppliers in these initiative.
  - Providing paid time-off for worker representatives to participate in exchanges with worker representatives from other suppliers providing the same brands.
2. Creating management systems to ensure that managerial responsibility is assigned appropriately in ensuring that suppliers are aware of their responsibilities in respecting all of the fundamental rights that people have at work.<sup>5</sup>
  3. Creating the infrastructure to deal with complaints by recognizing trade unions and providing paid release for trade union representatives to be trained in resolving disputes over employment rights, and developing confidential and accessible means for workers to report exploitation and abuse.
  4. Ensuring timely and effective handling of complaints regarding violations. See for more detail: <http://www.cleanclothes.org/codes/03-12-complaints-report.htm>
  5. Mapping and investigating supply chains and developing mechanisms to ensure that the company knows where and under what circumstances work is performed throughout their supply chains.
  6. Without prejudicing existing trade unions representation working with credible (local) organizations that have the confidence of workers and their trade unions to conduct, or assist in conducting, social audits or workplace inspections<sup>6</sup>;
  7. Providing workers with independent education and training concerning their rights at work, and increasing workers participation as well as consultation and cooperation with local trade unions and labour related NGOs in all activities related to code implementation.
  8. Increasing transparency about the composition and conditions in the supply chain and about code implementation activities, with priority on ensuring feedback to the workers themselves.
  9. Addressing the negative impacts that their purchasing practices can have on code compliance by developing more stable relationships with suppliers, providing sufficient lead times so that production can be carried out using humane working hours and by fully reflecting the costs of observing labour standards in the prices that they offer their supplier or in the bids that they accept from suppliers, and ensure that the workers concerned actually benefit.

The CCC directly takes up around 20 and 30 complaints per year of workers whose rights have been violated via its “Urgent Appeals” system. Upon receiving these requests the CCC clarifies and verifies them, adding to the initial case information using the CCCs network of local contacts in the country where the rights violation has occurred. In close cooperation with the organisation requesting assistance, the demands are then brought to the attention of the brands concerned,

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<sup>5</sup> See also <http://www.somo.nl/monitoring/related/disc-key-elements.htm>

<sup>6</sup> One of the main conclusions of the CCC pilot has been that the large, commercial, globally operating audit firms that presently perform the majority of workplace audits cannot, in their present way of working, deliver the kind of quality that is needed. Labor-related NGOs and trade unions have to be involved at the local production level if good quality monitoring and credible verification is to take place. The precise role which these groups should play in monitoring and verification systems is still something that needs considerable attention, as the varied contexts found throughout the global garment industry means that what works or is appropriate in some situations might not be feasible in others.

and when and where appropriate to the relevant MSI. Failing a satisfactory resolution, follow-up activities can include public e-mail and fax-campaigns, press conferences or speaker tours.<sup>7</sup>

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<sup>7</sup> See for a description of current and older cases <http://www.cleanclothes.org/appeals.htm>

## ETI Implementation System

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### *Principles of Implementation*

The purpose of the ETI is to identify, develop and promote good practice with respect to implementing codes of labour practice. Critical areas include monitoring and verification, and transparency and disclosure, to determine and communicate whether standards embodied in the code are being achieved. ETI members accept the following as general principles upon which to develop or refine their search for best practice.

#### **1. COMMITMENT**

- 1.1 The company gives its membership of ETI, the code and its implementation process an informed and explicit endorsement.
- 1.2 This commitment is communicated throughout the company and to its suppliers and sub-contractors (including closely associated self-employed staff).
- 1.3 A member of senior management is assigned responsibility for the implementation of compliance with the code.
- 1.4 The code and the implementation process is integrated into the core business relationships and culture.
- 1.5 The company will ensure that human and financial resources are made available to enable it to meet its stated commitments.

#### **2. MONITORING, VERIFICATION, AND REPORTING**

- 2.1 Member companies accept the principle that the implementation of codes will be assessed through monitoring and verification; and that performance with regard to monitoring practice and implementation of codes will be reported annually.
- 2.2 Companies will engage with other members in the design, Implementation and analysis of pilot schemes to identify good practice in monitoring and verification and share this experience with other members.
- 2.3 Company members will draw on this experience in establishing where relevant with other ETI members' work plans to implement programmes of monitoring, verification, and reporting, and will report progress against these programmes to and through the ETI in a format and timing to be agreed.
- 2.4 Workers covered by the code shall be provided with a confidential means to report failure to observe the code and shall be otherwise protected in this respect.

#### **3. AWARENESS RAISING AND TRAINING**

- 3.1 All relevant personnel are provided appropriate training and guidelines that will enable them to apply the code in their work.

- 3.2 Suppliers are made aware of the code, and the company's commitment to sourcing from suppliers who observe the standards in the code.
- 3.3 Workers whose work is covered by the code are, where possible, made aware of the code and implementation principles or procedures.

**4. CORRECTIVE ACTIONS**

- 4.1 Member companies commit themselves, on the basis of knowledge gained from monitoring to;
  - (a) negotiate and implement agreed schedules for corrective actions with suppliers failing to observe the terms of the code, i.e. a continuous improvement approach;
  - (b) require the immediate cessation of serious breaches of the code, and;
  - (c) where serious breaches of the code persist, to terminate any business relationship with the supplier concerned.

**5. MANAGEMENT PROCEDURES, PRICING AND INCENTIVES**

- 5.1 Negotiations with suppliers shall take into account the costs of observing the code.
- 5.2 Understanding and implementation of company policy with respect to its code of labour practice shall constitute a positive performance measure when assessing appropriate personnel.

## FLA Implementation System

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### The Fair Labor Association's Obligations of Companies: An Outline

*Below is an outline of the criteria that are used by the FLA to determine if a company's labor compliance program is ready for FLA accreditation. These criteria are based on the FLA's Obligations of Companies, or code implementation principles. Please access [www.fairlabor.org](http://www.fairlabor.org) for more information.*

The company **adopts and communicates a code** that meets or exceeds FLA standards, which means integrating the code principles into corporate supply chain strategies. It includes posting the code in a prominent place in all applicable facilities, translated into the languages of all workers and managers, and ensuring that workers are informed of the code at regular intervals. The company obtains written agreement from suppliers to submit to periodic inspections by the company and FLA monitors.

The company identifies the staff or service provider responsible for implementing its compliance program, and ensures that they have **training** in all areas under their responsibility, including, as appropriate, international and national labor standards; local languages; occupational and production risk factors; and techniques for monitoring, interviewing, and remediating. The company updates the trainings at regular intervals.

The company provides workers with **confidential reporting channels** by encouraging the establishment of grievance procedures at supplier facilities, and providing channels for workers at those facilities to contact the company directly and confidentially if warranted. The company ensures that the reporting channels are secure, so workers are not punished or prejudiced for using them.

The company monitors factories (referred to as **internal monitoring** because it is carried out by company staff or contractors) to assess compliance with workplace standards. The company analyzes the monitoring results and ensures the remediation of non-compliance issues.

The company **submits to FLA independent monitoring** by providing the FLA with an accurate, up-to-date factory list, factory profile, access letters (ensuring factory cooperation with FLA monitors), and other relevant information needed by FLA. The company accepts that monitoring will be unannounced, at factories selected by FLA, and that the findings and remediation results will be **publicly reported by the FLA** on the FLA website. FLA may independently monitor a company factory either as part of a systematic assessment of the company, or in response to a **Third Party Complaint**.

The **company remediates noncompliance** in a timely manner by working with the supplier to address all compliance issues identified by the monitor and to track remediation progress. For FLA-monitored facilities, the company provides a progress report for remediation within 60 days of the FLA's factory visit. The company **conditions future business** with contractors upon compliance with the standards.

The company analyzes compliance information to identify persistent and/or serious forms of noncompliance, and implements programs designed to **prevent such noncompliance**.

The company **collects and manages compliance information** by maintaining a compliance database, which is used for analysis of compliance findings and can generate up-to-date factory lists when required by the FLA. The company reports those activities to the FLA.

The company **maintains links to organizations of civil society involved in labor rights** and, where companies deem necessary, cooperates with such local institutions to communicate with workers. The company **consults periodically with legally constituted unions** representing employees at the worksite regarding monitoring. It utilizes union input where appropriate and ensures that the implementation of monitoring is consistent with applicable collective bargaining agreements. The company also consults with knowledgeable local sources as part of its monitoring activities.

The company **complies with FLA administrative requirements**, including the payment of annual dues and other fees to the FLA; the honoring of required FLA contracts; and the timely submission of all factory lists, a standardized annual report, and other information used by FLA for monitoring, program evaluation, and public reporting.

**\* Innovates**

While not a factor in the FLA accreditation of labor compliance programs, companies are strongly encouraged to innovate. Examples of innovative company efforts include programs that address root causes of noncompliance, or those that build workers' and other local actors' capacity to make sustainable improvements to workplace conditions.

## FWF Implementation System

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### Implementation system of the Fair Wear Foundation

The member company submits an annual work plan for the implementation of the code. This plan has a time frame of two years minimum, and is renewed every year. The plan must be approved by the FWF. FWF assesses the work plan against set criteria - whether the proposed working method will result in effective implementation of the labour standards, how fast this will happen, and whether the efforts are reasonably proportional to the turn over of the company.

*A work plan covers the following items:*

- a) An overview of the responsibilities of various employees of the member company (see section **Error! Reference source not found.** of Manual for Member Companies Draft - 2005);
- b) A plan for informing and training employees of the member company (see section **Error! Reference source not found.** of Manual for Member Companies Draft - 2005);
- c) A plan for external communication (see section **Error! Reference source not found.** of Manual for Member Companies Draft - 2005);
- d) The list of archived documents (see section **Error! Reference source not found.** of Manual for Member Companies Draft - 2005);
- e) The supplier register (see section **Error! Reference source not found.** of Manual for Member Companies Draft - 2005);
- f) A monitoring plan (see section **Error! Reference source not found.** of Manual for Member Companies Draft - 2005);
- g) A statement regarding its sourcing policy (see section **Error! Reference source not found.** of Manual for Member Companies Draft - 2005);
- h) A plan for evaluating the implementation of the Code of Labour Practices (see section **Error! Reference source not found.** of Manual for Member Companies Draft - 2005).

See <http://www.fairwear.nl/>

## SAI Implementation System

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### SAI Implementation System for Brands & Retailers: Draft System for Management of Supply Chain:

**Policy:** Top management shall adopt SA8000 as the company's policy for labour conditions at its suppliers/subcontractors & sub-suppliers. **Management:** Top management shall periodically review the adequacy, suitability & effectiveness of its supply chain management policy & associated procedures. The company shall appoint a senior manager who shall ensure that the requirements of SA8000 are met. **Planning & implementation:** The company shall ensure that the requirements SA8000 are understood & implemented at all levels. The company shall establish & maintain appropriate procedures to evaluate & select suppliers/subcontractors & sub-suppliers based on their ability to comply, participate in monitoring & independent verification, implement Corrective & Preventive Action, & inform the participating company of any & all of its relevant business relationships with other suppliers/subcontractors & sub-suppliers. **Outside communication:** The company shall establish & maintain procedures to communicate regularly information on compliance. **Records:** The company shall maintain appropriate records to track & demonstrate progress & conformance throughout its supply chain. **Addressing complaints:** The company shall investigate, address & respond to complaints & appeals from all interested parties regarding conformance/non-conformance throughout its supply chain, if and as complaints procedures at the supplier facility and/or the accredited certification body fail to reach timely resolution satisfactory to the complainant &/or in urgent cases such that the situation threatens the security or livelihoods of the workers/s. It shall provide protection from retribution for complainants &, when requested, anonymity. **Verification:** There shall be independent, third party verification by accredited audit bodies. **SAI Multi-stakeholder assessment:** The company shall undergo an SAI Assessment, including multi-stakeholder review & recommendations, every three years, with annual surveillance progress reviews.

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### **SAI Implementation System for Factories: the SA8000 Management System**

1. Top management shall define the company's **policy** for social accountability and labour conditions to ensure that it: a) includes a commitment to conform to all requirements of this standard; includes a commitment to comply with national and other applicable law, other requirements to which the company subscribes and to respect the international instruments and their interpretation ; c)includes a commitment to continual improvement; d) is effectively documented, implemented, maintained, communicated and is accessible in a comprehensible form to all personnel, including, directors, executives, management, supervisors, and staff, whether directly employed, contracted or otherwise representing the company; e)is publicly available.
2. Top management shall periodically **review** the adequacy, suitability, and continuing effectiveness of the company's policy, procedures and performance results vis-a-vis the requirements of this standard and other requirements to which the company subscribes. System amendments and improvements shall be implemented where appropriate.
3. The company shall appoint a senior **management representative** who, irrespective of other responsibilities, shall ensure that the requirements of this standard are met.
4. The company shall provide for **non-management personnel to choose a representative** from their own group to facilitate communication with senior management on matters related to this standard.



5. The company shall ensure that the requirements of this standard are understood and **implemented** at all levels of the organisation; methods shall include, but are not limited to:
  - a) clear definition of roles, responsibilities, and authority; b) training of new and/or temporary employees upon hiring; c) periodic training and awareness programs for existing employees; d) continuous monitoring of activities and results to demonstrate the effectiveness of systems implemented to meet the company's policy and the requirements of this standard.
6. The company shall establish and maintain appropriate procedures to **evaluate and select suppliers/subcontractors** (and, where appropriate, sub-suppliers) based on their ability to meet the requirements of this standard.
7. The company shall maintain appropriate **records of suppliers/subcontractors** (and, where appropriate, sub-suppliers') commitments to social accountability, including, but not limited to, the written commitment of those organizations to: a) conform to all requirements of this standard (including this clause); b) participate in the company's monitoring activities as requested; c) promptly implement remedial and corrective action to address any nonconformance identified against the requirements of this standard; d) promptly and completely inform the company of any and all relevant business relationship(s) with other suppliers/subcontractors and sub-suppliers.
8. The company shall maintain reasonable **evidence** that the requirements of this standard are being met by suppliers and subcontractors.
9. In addition to the requirements of Sections 6 and 7 above, where the company receives, handles or promotes goods and/or services from suppliers/subcontractors or sub-suppliers who are classified as **homeworkers**, the company shall take special steps to ensure that such homeworkers are afforded a similar level of protection as would be afforded to directly employed personnel under the requirements of this standard. Such special steps shall include but not be limited to: (a) establishing legally binding, written purchasing contracts requiring conformance to minimum criteria (in accordance with the requirements of this standard); (b) ensuring that the requirements of the written purchasing contract are understood and implemented by homeworkers and all other parties involved in the purchasing contract; (c) maintaining, on the company premises, comprehensive records detailing the identities of homeworkers; the quantities of goods produced/ services provided and/or hours worked by each homemaker; (d) frequent announced and unannounced monitoring activities to verify compliance with the terms of the written purchasing contract.
10. The company shall investigate, **address, and respond** to the concerns of employees and other interested parties with regard to conformance/nonconformance with the company's policy and/or the requirements of this standard; the company shall refrain from disciplining, dismissing or otherwise discriminating against any employee for providing information concerning observance of the standard.
11. The company shall **implement remedial and corrective action** and allocate adequate resources appropriate to the nature and severity of any nonconformance identified against the company's policy and/or the requirements of the standard.
12. The company shall establish and maintain procedures to **communicate** regularly to all interested parties data and other information regarding performance against the requirements of this document, including, but not limited to, the results of management reviews and monitoring activities.
13. Where required by contract, the company shall provide reasonable information and **access** to interested parties seeking to verify conformance to the requirements of this standard; where further required by contract, similar information and access shall also be afforded by the company's suppliers and subcontractors through the incorporation of such a requirement in the company's purchasing contracts.
14. The company shall maintain appropriate records to **demonstrate conformance** to the requirements of this standard.

## WRC Code enforcement system

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The WRC does not feel it is feasible to summarize the organization's approach to code enforcement in a short format. Instead, the WRC offers the following list of principles underlying its approach (please note that the term "licensee" refers to an apparel brand or vendor licensed to sell goods bearing the names of colleges and universities):

1. There must be full public disclosure of all factory locations in the supply chain of a licensee, brand or retailer.
2. Assessments of code compliance must be launched in response to worker complaints or worker concerns, not dictated by the priorities of brands or factories.
3. Assessments must be carried out by individuals and/or organizations with no financial ties to any apparel licensee, brand, retailer or factory. Any assessment carried out in a manner inconsistent with this principle cannot legitimately be termed an "independent" assessment.
4. Assessments must involve substantial interviews with workers conducted away from the factory, at a place of workers' choosing, and these interviews must be arranged through local organizations trusted by workers, not through factory management. The results of any assessment carried out in a manner inconsistent with this principle cannot be viewed as reliable.
5. All reports concerning code compliance at a particular factory must be made public, in full, with no redactions other than those necessary to protect the identity of individual factory employees.
6. Licensees, brands and retailers have an obligation not to withdraw orders and/or terminate business at a factory where code violations are identified. Until and unless it becomes clear that a factory refuses to correct the violations identified, the buyer must remain engaged and take all appropriate action to achieve remediation.
7. Entirely separate from a process of independent verification carried out in a manner consistent with the principles outlined above, licensees (and brands and retailers) are responsible for implementing and maintaining an effective internal system for policing their own supply chain and ensuring compliance at every factory in that chain. Licensees, brands and retailers are obligated to recognize the relationship between the price and turnaround demands they place on suppliers and the labor practices of those suppliers. A commitment to code compliance requires licensees, brands and retailers to alter price and turnaround demands as needed to make it possible for factories to respect the rights of their employees.